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earnestness. Baffled in their struggle to secure better conditions by mere industry, they developed a dogged determination born of despair to hold out, a determination such as the lone martyrium of a superior race, peculiar in its ideals, exclusive in its devotion, sometimes reaches. The author gives in his preface an account of his object in publishing his book, namely, that material hitherto unexplored will henceforth facilitate the study of the Jews' legal position in the Austrian-Hungarian countries and will go to show that in spite of local differences legislation is generally uniform, that the laws of one place have influenced those of another, the outcome being in this case a rather low level of human rights. He closes with the opportune wish that this work, being written in the service of humanity and truth, the progressive culture of the twentieth century may at last lead man to be man and brother despite everything.

A. M. WERGELAND.

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*The Rationale of Fire Rates.* By A. F. DEAN. Chicago: J. M. Murphy, 1900. 12mo, pp. xiii + 225.

*Fire-Rating as a Science.* By the same. Chicago: J. M. Murphy, 1900. 12mo, pp. xii + 216 + ix.

FIRE insurance has been characterized as a magnificent system of guess-work. Only through the combined efforts of insurance men like Mr. Dean can this branch of insurance be rescued from the chaotic state in which its past history is enveloped and raised to the level of scientific methods, if not to the rank of a science. It is hardly profitable in this place to enter upon a discussion of the question, Can fire insurance be made a science? Life insurance is a science; but every man must die; no building must burn.

The two volumes under review constitute important and valuable additions to the literature of fire insurance. Experience and reflection are mingled thoroughly in the vigorous discussion of the wide range of subjects with which the author deals. Both volumes are interesting and abound in illustrations and parallelisms. To be sure there are times when Mr. Dean carries his parallelisms, analogies, and antitheses to the point of doubtful utility, as when, for instance, he compares "bug" with "thug," in the first volume; and in Part I of the second volume he introduces extraneous material, the necessity for which is not always apparent. But these are matters of secondary importance

and should not detract from the intrinsic merits of Mr. Dean's books. Besides, Mr. Dean appears to be actuated by the commendable motive of applying scientific methods to fire insurance; and in his anxiety to do so he has, perhaps, gone too far in the attempt to fit facts of fire insurance into the molds of Spencerian philosophy. The last remark applies chiefly to Part I of the second volume.

*The Rationale of Fire Rates* is divided into a brief introduction; two parts, designated "Review" and "Deductions," respectively; and an appendix of sample schedules and a sample classification list. The review touches briefly upon important aspects of fire insurance, such as associations, anti-compact and other laws, commissions, agents and brokerage, valued policy laws, co-insurance, classifications, standard rates, etc. Mr. Dean finds "the bone of contention" in tariff associations, whose interests he regards as harmonious with those of the community. They encourage, he says, co-operation, a study of processes and substances, fire-preventing devices and safer construction, better care of property, and a more equitable apportionment of the fire tax. The rating association is a public servant which performs important protective and educational functions. Rating associations lead directly to systematic tariffs, uniform classifications, regulated commissions, etc. Open competition is chance. Fire insurance is not entirely like other business enterprises, and consequently it requires individual treatment at the hands of administrative authorities. Naturally the author protests against existing diversities and antagonisms in the statutes relating to insurance in the various states. In the "international comparison of laws and loss ratios" he finds that the lowest cost prevails where a rigid personal responsibility is attached to the insured; and the next lowest, where the industry has not been hampered by exacting laws. "The business has been profitable where rates are low, and unprofitable where rates are high." The attitude of legislatures toward fire insurance companies is often one of hostility, and statutory interferences have sometimes resulted in higher rates and an increase in moral hazard. This is strikingly illustrated by the valued policy laws, the first of which came in with other Granger legislation in 1874. Were legislators more familiar with Mr. Dean's chapter on the valued-policy law it is not improbable that much less of this species of "legislative lunacy" would manifest itself in the future. Only a few days ago a Wisconsin judge, in which state the first valued-policy law was enacted, sentenced a young man, hith-

erto reputed to be of good character, for burning his printing office in order to secure excessive insurance moneys. This crime would probably never been thought of had not a valued-policy law been in force in this state. Analogous to valued-policy laws are laws prohibiting co-insurance, which prevail in one-fourth of our states. Generally speaking, co-insurance is obligatory in Europe and prohibited in the United States! Mr. Dean also points out the anomaly that the principle of co-insurance has always been applied to marine insurance. The question of agents' commissions is fully discussed. "Two tariffs are essential in fire insurance—the tariff of rates to regulate competition among agents and the tariff of commissions to regulate competition among companies." Associated action of companies is necessary for a correct ordering of rates and commissions. In this the companies are confronted by anti-compact and anti-trust legislation which hampers the development of the necessary associations, and assists in perpetuating the conflict between tariff and non-tariff companies. In fire insurance, within limits, competition means discrimination. The very essence of competition is discrimination. Great mercantile establishments employ expert buyers of fire indemnity who go shopping for rates. "Inducements are offered by which one establishment secures its insurance for thousands of dollars less, at the expense of scores of others out of whose treasures the deficit is made good. Three methods of compensating agents are discussed: straight, graded, and contingent commissions. The last method gives the agent a direct financial interest in the profits of the company in his district, and to that extent also toward the building up of the business; but, on the other hand, it may lead to discrimination among the companies represented by him, on part of the agent. The weakness in present commission systems is that "they all estrange agents from the companies and the public, by isolating their interests." Out of every dollar received by the companies in premiums about ninety-eight cents is distributed for expense and fire losses. The former may be analyzed approximately into the following parts: taxes, \$0.03; management, \$0.15; commissions, \$0.20. "Through analytical treatment and legislation based upon reason instead of rancor" a reduction of about one-third in fire cost is possible, as follows: tax reductions, \$0.02½; combined inspection, \$0.02½; commissions, \$0.05; losses, \$0.25. Mr. Dean would not reduce inspections absolutely, but combine companies for the purpose of examining risks; and the decrease in losses he

would bring about through a reduction in moral hazard and an equalization of insurance values. He would establish a classification and a standard rate or tariff corresponding to the average of the loss wave, subject to modification by each company on the basis of its experience. In this way each company could still establish its own rates independently. "The final desideratum is uniformity in the requirements of the states, and in the usages of the industry—uniform laws, uniform taxes, uniform financial statements, uniform policy blanks, uniform proportion of insurance to value, uniform classification, uniform rate tariffs that do not discriminate among property owners, and uniform commission tariffs that do not discriminate among agents or property classes."

*Fire Rating as a Science* follows a similar plan of construction, consisting of an introduction, two parts—"Principles" and "Detail"—and an appendix. Fire underwriters "have allowed the spirit of adventure to elbow the spirit of research into the background." The problem of problems is "to determine the real relation between fire rating and science." Fire insurance is dualistic in its nature: commercial and scientific. These two elements frequently come into conflict because of the compromising attitude of the former. Mr. Dean devotes a good deal of space to a discussion of what science is, and in the chapter following treats of the relativity of knowledge. He emphasizes the establishment of *relations* as the first step in making fire insurance a science. This important fundamental truth the author traces into its far-reaching consequences. A study of relations must inevitably redeem fire insurance from guesswork methods. The law of rhythm is one of a series of laws characterized by philosophers as universal, and subordinate to this law the author places the wave of fire destruction, varying from nothing to the total value of the property. A study of fire wave motion follows, with the conclusion that "waves of fire destruction tend toward reduced width of vibration in proportion as property is segregated into smaller unexposed values." Different classes of property have different waves of fire destruction, but the proportion of the total fire cost borne by different classes has not always been in accordance with their respective wave lines. In this lies an injustice which the establishment of true relations among rates can remedy. A table of individual loss ratios by classes is introduced, showing "the utter worthlessness of the separate experience of a single

company as a criterion to the average loss ratio of each class, while, on the contrary, a comparison of these individual experiences with the column marked 'combined' shows that there is an established mean which, if known, would constitute a reliable standard for determining adequate class rates." Combined classifications would establish *averages* derived from the experience of all; and this is possible, except in case of unusual risks. Hence the companies should adopt uniform classifications, at least for rating purposes, and publish all future local tariffs with the class number opposite each risk. No thoughtful person will question Mr. Dean's statement that we have far less to fear from an honest publicity than from the suspicions generated in the public mind by an ignorance of the facts. Mr. Dean would make all basis tariffs uniform throughout the United States *as to form and method*. He would use this national tariff as a central standard of comparison in bringing about uniformity of analysis and arrangement, and preserving consistent relations among state tariffs to each other. From the standpoint of system he thinks it desirable, perhaps, that the country is divided into states, "representing geographical areas with similar characteristics." The reader gathers somewhat different impressions from p. 137 of Mr. Dean's earlier book: "Fire insurance . . . is, by its very nature, an interstate industry. Its rates cannot be based upon the experience of single states, and no intelligent treatment of the subject is possible except through either national or interstate action." From the point of view of fire insurance, it is difficult to see that our states necessarily represent "similar characteristics," especially in regard to moral hazard. The reviewer is not at all certain that it cannot be shown that loss wave lines for specific classes of risks, running through the whole country, irrespective of area, are more nearly correct, more just, and more reliable than any state lines which may be formulated. Mr. Dean introduces a large number of tables and diagrams illustrating the relation of losses to premiums, losses to amount at risk, and the average rate, of twenty-two different states. All of these involve much careful labor and are instructive.

When, some time ago, the reviewer examined available fire insurance literature, and in the course of this examination came across the "Universal Schedule," he felt that he had reached an oasis in the desert of fire insurance confusion. He was consequently not a little surprised to have this schedule referred to by Mr. Dean as "an

interesting experiment in the wholesale destruction of fundamental principles and established relations." One of Mr. Dean's objections to the "Universal Schedule" is that it abolishes the autonomy of the states. Will this country ever have a scientific basis of fire rates until this autonomy has been abolished? This and other criticisms of the "Universal Schedule" contained in *Fire Rating as a Science* called forth a reply from Mr. F. C. Moore, president of the Continental and chairman of the committee which edited the "Universal Schedule." All of this controversy, embracing about a dozen contributions, was published in the *Insurance Field* (weekly) for 1901, from March 21 to May 23, inclusive. The reviewer does not consider himself qualified to decide the questions at issue, nor would it be proper to do so; however, he does not hesitate to say that nothing more valuable than this controversy has ever been published touching upon the fundamental principles of fire rates. Mr. Dean's books as well as the "Universal Schedule" should be interpreted in the light of these controversial essays. Both deserve to be studied with care by everyone desirous of learning more about fire insurance, and no one will spend time over them without profiting much thereby.

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*Essai sur la théorie générale de la monnaie.* By ALBERT AUPETIT.  
Paris: Guillaumin et C<sup>ie</sup>, 1901. 8vo, pp. 295.

THIS is a conservative and in the main a careful study of monetary theory. Not much that is new, either in the data of the subject or in its doctrinal aspects, is adduced; though for most readers this judgment will have to rest upon their faith in the author. M. Aupetit makes no claim to any original contribution to the subject other than that which is by very necessity implied in his method of treatment, which consists in the attempt to show how the two distinct lines of investigation—the mathematical and the theoretical-statistical—lead up to identical conclusions. If, therefore, there is nothing new in the non-mathematical part of the book, those of us who are unable to understand the first part and could not, even did the press work in all cases fulfill the primary condition of legibility, are permitted to judge that the same thing is true of the first part, and that the value of the work is in the very establishment of the proposition that the two lines of investigation concur in results. Certainly the conclusions reached